# Stage 1 Business Analysis

Department of Technology, SIMM 19A, Revision 7/1/2015

## 1.1 General Information

**Agency or State Entity Name:**

**Employment Development Department**

**Organization Code:**

**7100**

**Proposal Name:**

**Benefit Systems Modernization**

**Proposal Description:**

See attachment for Proposal Description, this cell did not expand to accommodate the description.

**Proposed Start Date:** **October, 2020**

**Delegated Cost Threshold (Optional):** ◉ Over  ◯ Under

**Department of Technology Project Number:** 7100-222

## 1.2 Submittal Information

**Contact Information:**

**Contact First Name:**

Jennifer

**Contact Last Name:**

Chan

**Contact Email:**

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**Contact Phone Number:**

(916) 654-7095

**Submission Date:**

**Submission Type:**

◉ New Submission

◯ Updated Submission (Pre-Approval)

◯ Updated Submission (Post-Approval)

◯ Withdraw Submission

**Project Approval Executive Transmittal:**

EDD_BSM_S1BA_Transmittal.pdf
Adobe Acrobat Document
1.17 MB

## 1.3 Preliminary Assessment

### 1.3.1 Reportability Assessment

| | Yes | No |
|---|---|---|
| 1. Does the Agency/state entity anticipate requesting a budget action to support this proposal? | ● | ○ |
| 2. Does the Agency/state entity anticipate the estimated total development and acquisition cost to exceed the Department of Technology's established Agency/state entity delegated cost threshold **and** the proposal does not meet the criteria of a desktop and mobile computing commodity expenditure? | ● | ○ |
| 3. Does this proposal involve a new system development or acquisition specifically required by legislative mandate **or** is subject to special legislative reporting or review as specified in budget control language or other legislation? | ○ | ● |

**Anticipated Reportability**

| | | |
|---|---|---|
| Is this proposal anticipated to be reportable? | ● | ○ |

**Planned Reporting Exemption**

| | | |
|---|---|---|
| **Does the Agency/state entity anticipate seeking an exemption from project reporting? (Answer only if Anticipated Reportability above is "Yes.")** | ○ | ● |

### 1.3.2 Impact Assessment

| | Yes | No |
|---|---|---|
| 1. Has the funding source(s) been identified for this proposal? | ● | ○ |

| If "Yes," select applicable funding source(s) and enter the fund availability date. If funding source is "Other Funds," specify below:<br><br>Disability Insurance | **FUND SOURCE**<br>Mark all that apply | **FUND AVAILABILITY DATE** |
|---|---|---|
| | ☐ General Fund | |
| | ☐ Special Fund | |
| | ☐ Federal Fund | |
| | ☐ Reimbursements | |
| | ☐ Bond Fund | |
| | ☐ Other Funds | SFY 2017-18 |

| | Yes | No |
|---|---|---|
| 2. Will the State possibly incur a financial sanction or penalty if this proposal is not implemented? If "Yes," provide details in Section 1.9 Business Problem or Opportunity Summary. | ○ | ● |
| 3. Is this proposal anticipated to have high public visibility? If "Yes," provide details in Section 1.9 Business Problem or Opportunity Summary. | ● | ○ |
| 4. On a scale of 1 to 3 (1 = None, 2 = Partially, 3 = Fully), indicate how well the current business processes are documented, communicated and available for review. | 2 | |

## 1.4 Business Sponsor and Key Stakeholders

**Executive Sponsors**

| Title | First Name | Last Name | Business Program Area |
|---|---|---|---|
| Director | Patrick | Henning | Director's Office |
| Chief Deputy Director | Sharon | Hilliard | Director's Office |
| Deputy Director | Sabrina | Reed | Unemployment Insurance Branch |
| Deputy Director | Renee | Gibson | Disability Insurance Branch |
| Deputy Director | Lisa | Wheeler | Tax Branch |
| Deputy Director | Gail | Overhouse | Information Technology Branch |

**Business Owners**

| Title | First Name | Last Name | Business Program Area |
|---|---|---|---|
| Deputy Director | Sabrina | Reed | UI |
| Deputy Director | Renee | Gibson | DI/PFL |
| Deputy Director | Lisa | Wheeler | Tax Branch |

**Key Stakeholders**

| Title | First Name | Last Name | Business Program Area/Group | External |
|---|---|---|---|---|
| Secretary | David | Lanier | Labor and Workforce Development Agency | ☐ |
| Deputy Director | Gregg | Williams | Administration Branch | ☐ |
| Deputy Director | Gail | Overhouse | Information Technology Branch | ☐ |

# 1.5 Business Driver(s)     Mark all that apply

**Financial Benefit:**
- ☐ Increased Revenues
- ☐ Cost Savings
- ☐ Cost Avoidance
- ☐ Cost Recovery

**Mandate(s):**
- ☐ State
- ☐ Federal

**Improvement:**
- ☐ Better Services to Citizens
- ☐ Efficiencies to Program Operations
- ☐ Improved Health and/or Human Safety
- ☐ Technology Refresh

| Security: | ☐ Improved Information Security |
| | Improved Business Continuity |
| | Improved Technology Recovery |

## 1.6 Statutes or Legislation

| Statutes or Legislation: | ○ New Statutes |
| | ○ Potential Legislation |
| | ○ Changes to Existing Legislation |
| | ◉ Not Applicable |

**Bill Number:**

**Legal Reference:**

**Additional Information:**

## 1.7 Program Background and Context

The Employment Development Department administers several multi-billion dollar benefit programs, including the Unemployment Insurance (UI), Disability Insurance (DI) and Paid Family Leave (PFL) programs that provide financial stability to workers and communities.

**Unemployment Insurance Branch**

The UI program was established as part of the Social Security Act of 1935. The UI program is based on federal law, administered by the states, and financed by UI tax contributions from employers. The UI Branch (UIB) administers the employer-funded UI program, a short-term wage replacement program for unemployed individuals. The mission of the UIB is to provide comprehensive UI services to California's workers and employers. These services sustain economic prosperity in California communities, provide income replacement, and assist in the re-employment of workers. The UIB's major functions include filing UI claims, determining eligibility, and paying benefits timely and accurately; analyzing and applying applicable federal and state laws; performing program administration and oversight, including developing and implementing program policy and procedures; planning and developing automation projects; accounting for UI and DI benefits; and maintaining the integrity of the UI program and UI Trust Fund. The UIB also administers programs on behalf of other federal and state agencies including the following:

- Federal Disaster Unemployment Assistance (DUA):  DUA is a federal program administered by the United States (U.S.) Department of Labor (DOL), and State Employment Security Agencies such as the EDD. The DUA program provides weekly payments for individuals whose work or self-employment is interrupted due to a disaster (such as an earthquake or wildfire).
- State Special School Benefits:  Administered by the EDD on behalf of the California Department of Education, California's UI Code provides for special unemployment compensation benefits to be paid to non-professional school employees of the State Special Schools during an established or customary vacation period or holiday recess. The most common of these being the summer recess period. These employees would normally be denied UI benefits if they were employed at any other school in the state.
- Federal Trade Adjustment Assistance (TAA) and Trade Readjustment Allowances (TRA): The TAA program was established to help American workers who have lost work as a result of increased imports or shift in production to foreign countries. It is a federal program administered by the DOL and cooperating State Employment Security Agencies, such as the EDD. The TRA payments are additional income support payments to individuals who have exhausted their UI benefits and whose jobs were affected by foreign imports as determined by a certification of group coverage issued by the DOL.

- Workforce Innovation and Opportunity Act (WIOA): The WIOA is another federal program that is administered by the DOL in coordination with the U.S. Departments of Education and Health and Human Services through grants to State Employment Security Agencies such as the EDD. The WIOA is designed to strengthen and improve our nation's public workforce system by helping Americans to get into high-quality jobs and careers and to help employers hire and retain skilled workers. Reports for the WIOA program are submitted by the EDD to the DOL regarding enrollment, funding, and completion rates. A list of WIOA-approved providers and their training programs are made available in the California Job Opening Browse System (CalJOBS), California's online resource for job seekers and employers to navigate the state's workforce services.

The UIB consists of five divisions as described in the following sections:

**Unemployment Insurance Integrity and Accounting Division**

The UI Integrity and Accounting Division (UIIAD) manages Benefit Payment Control activities that include claims processing, fraud prevention and detection, establishing of overpayments, employer and claimant assistance, and benefit accounting to ensure the integrity of the UI Trust Funds. The UIIAD staff verify claimants' identities and perform all UI, DI, and Paid Family Leave (PFL) claim monetary re-computations, including combining wages from other states and U.S. territories, or adding federal or military wages; complete wage investigations providing claimant and employers with accurate and timely decisions regarding subject wages; respond to claimant inquiries regarding UI Online registration; manage accounting for UI, DI, and PFL benefit payments; transmit Voluntary Federal Income Tax withholdings and Child Support Intercept deductions; and reconcile UI, DI, and other Departmental bank accounts. Additional responsibilities include administering interagency offset programs with the Franchise Tax Board (FTB), the California Lottery, the Internal Revenue Service (IRS), the Department of Child Support Services, and the credit card program for repayment of the UI and DI benefit overpayments; administering the UI Quarterly Benefit Audit and the daily New Employee Registry cross-match to detect and prevent improper UI benefit payments; and responding to claimant and employer telephone calls related to benefit overpayments, Identity Alert, and the 1099G process (Report of Taxable Unemployment Compensation Payments).

**Unemployment Insurance Northern and Southern Operations Divisions**

The UI Northern Operations Division (UINOD) and the UI Southern Operations Division (UISOD) serve customers throughout California by providing claim filing, benefit payment, eligibility determination, appeals, overpayment, and special claim services. These divisions consist of nine Northern and seven Southern field offices whose primary responsibilities include providing information to the public and employers about California's UI program; filing/reopening claims, verifying claimant identity, identifying eligibility issues, promptly paying or denying benefits in accordance with federal and state laws, processing claimant and employer correspondence, investigating and establishing fraud and non-fraud UI overpayments, conducting pre-appeal reviews and appeals transmittals for UI Administrative Hearings, and implementing decisions rendered from administrative law judges (ALJ). Two of the Northern field offices are specifically designated to perform special functions including processing rulings to determine employers' liabilities for benefit charges; processing Continued Claim Forms, Partial Claim Forms, Partial Fisherperson Claim Forms; administering the Work Sharing UI Program, State Special Schools Benefit Program, and the Federal Trade Act Program; determining employers' liability of benefit charges; processing claimant and employer correspondence; and taking appropriate action to promptly pay or deny benefits in accordance with federal and state laws. These two field offices do not perform the basic UI program administration functions as the other seven field offices in Northern California.

**Unemployment Insurance Policy and Coordination Division**

The UI Policy and Coordination Division (UIPCD) provides administrative oversight of the UI program and is in charge of coordinating the program activities across the Branch, working with other EDD entities, state agencies, and federal partners. The Administrative and Program Support Section measures UI program performance against policy, program, and performance objectives/requirements. They initiate, lead, plan, and oversee statewide system, automation, and application enhancements for the UI program. In addition, they collect UI

data and submit federally mandated reports to the DOL for workload analyses and statistical trends. Data is also produced upon request for the Governor's Office, the Legislature, etc. The Program Policy and Projects Section initiates, develops, and implements UI program policies and procedures based on federal and state laws and regulations, California Unemployment Insurance Appeals Board (CUIAB) administrative decisions, and court decisions. The UIPCD coordinates within the UI Branch and between the EDD organizations to provide consistent, efficient, and effective UI services to customers, while at the same time ensuring the integrity and security of the UI program. The UIPCD also includes the Branch Training Management Section, which creates and deploys block training to UI staff statewide. They are in charge of administering training-for-trainers and providing ongoing coaching and mentoring of trainers throughout the state.

**Unemployment Insurance Resource Management Division**

The UI Resource Management Division (UIRMD) primarily manages the UI program budget and enterprise workload, while also supporting the UI call centers. The Call Center Support Group administers call center operations statewide. They partner with the Information Technology Branch (ITB) and telecommunication vendors to ensure the call processing system meets business needs. Additional responsibilities include developing methodologies for allocating and monitoring UI resources, preparing resource requests, reviewing actual workload, and accounting for resources used for all UI claim handling processes. This also includes forecasting workload demands, assessing production capacity, and projecting workload-based budget ceiling options for program operations. The UIRMD staff is in charge of estimating expenditures and developing spending plan options for the UIB by working with the Fiscal Programs Division (FPD) to develop federal and state budgeting documentation.

**Disability Insurance Branch**

The DI Branch (DIB) administers the SDI program, which provides short-term partial-wage replacement benefits to eligible California workers who need time off work. The SDI program is comprised of the following components: DI, PFL, Voluntary Plan (VP), Non-Industrial Disability Insurance (NDI), and Disability Insurance Elective Coverage (DIEC).

The DI benefits are provided to eligible California workers who are unable to work and have a loss of wages due to a non-work-related illness or injury, or due to pregnancy or childbirth. The PFL benefits are provided to eligible workers who need to take time off work to care for a seriously ill family member or to bond with a new minor child. The VP is a private short-term DI coverage that an employer may offer to its California employees as a legal alternative to the mandatory state plan coverage. The NDI provides short-term DI benefits for excluded employees; rank-and-file employees in bargaining units 2, 5, 6, 7, 8, 9, 10, 12, 13, 16, 18, and 19; state employees who are active members of the Public Employees' Retirement System; state officers; and employees of the legislature not covered by the state plan. The DIEC Program is an optional program for business owners and self-employed individuals who are not required to pay into the SDI, but want to be covered by the DI and PFL.

The DIB consists of three divisions as described in the following sections.

**Central Office Division**

The Central Office (CO) Division provides administrative support to the DIB executive staff, the Claims Management Field Operations Division and the Customer Service Center (CSC) and the PFL Field Operations Division. The CO staff develop policies and procedures; oversee program quality and integrity; provide education and outreach to external entities; resolve claim related issues elevated by other government agencies; and act as a liaison to coordinate efforts to obtain services from the EDD support entities, including but not limited to the FPD, the Business Operations Planning and Support Division (BOPSD), the Public Affairs Branch (PAB), and the ITB.

**Claims Management Office Field Operations Division**

The Claims Management Office (CMO) Field Operations Division provides direct service to eligible workers seeking wage replacement benefits. The CMO staff process DI claims and respond to direct customer contacts through in-person service, electronic inquiries, and telephone calls from claimants, workers' compensation carriers, employers, and medical providers. The Division also oversees the development and delivery of training for all DI staff.

**Customer Service Center & Paid Family Leave Field Operations Division**

The CSC and PFL Field Operations Division oversees three DI CSCs and one PFL CSC, which handle telephone calls and in-person contacts related to DI and PFL claims. Additionally, the Division oversees one PFL CMO, which processes PFL claims and responds to direct customer contacts through in-person service, electronic inquiries, and telephone calls from claimants, care recipients, employers, and medical providers. The Division also oversees the development and delivery of training for all CSC and PFL staff.

**Tax Branch**

The Tax Branch is one of the largest tax collection entities in the nation. The Branch handles all the customer service, education, administrative, and enforcement functions for the collection, accounting, and audit of the UI and Employment Training Tax (ETT) contributions, and the SDI and Personal Income Tax (PIT) withholding.

The Tax Branch consists of four divisions as described in the following sections:

**Tax Processing and Accounting Division**

The Tax Processing and Accounting Division (TPAD) establishes employer accounts, maintains tax, wage, and monetary information, determines employer tax rates, and digitally scans and stores claim forms and related correspondence for the UI and SDI programs. The TPAD is responsible for analyzing benefit charge claims to determine the amount of charges and credits that need to be applied to an employer's benefit charge account and for analyzing the tax rated employer's benefit charges to determine the correct amount of charges and credits that need to be applied to an employer's reserve account. The Document and Information Management Center (DIMC), within the TPAD, is the scanning facility for the EDD. The UI, DI and PFL forms and overpayment remittances are batched and scanned into InfoImage by the DIMC.

**Collection Division**

The Collection Division (CD) administers the employment tax and benefit overpayment collection programs. The CD ensures that employers promptly and accurately report data and pay revenues necessary to support services and benefits provided by the UI, SDI, ETT, and PIT withholding programs. Additionally, the CD, through the Benefit Overpayment Collection Section (BOCS), collects UI and DI benefit overpayments. The collection of benefit overpayments helps to ensure the solvency of both the UI and DI funds which allows for the timely payment of benefits and positively impacts employer UI rates. To support benefit overpayment collections, the BOCS utilizes three applications which interface with the EDD's mainframe systems. The BOCS staff are reliant upon these applications for processing their daily workload.

Please note, the Benefit Overpayment Collection Automation (BOCA) project has been approved and is underway to replace the existing BOCS applications and incorporate the Benefit Overpayment Collection System's functionality into the existing Automated Collection Enhancement System (ACES). The EDD's assumption is that the BOCA project will be completed prior to approval of the BSM proposal.

**Tax Support Division**

The Tax Support Division (TSD) provides administrative and technical support to the Tax Branch Deputy Director and the three Tax Branch operating divisions. The TSD coordinates with the operating divisions and other branches in the areas of customer service, resource planning and utilization, systems and processes, technology,

and staff development.

**Field Audit and Compliance Division**

The Field Audit and Compliance Division (FACD) provides employment tax education assistance, and enforcement to maximize voluntary compliance, safeguard workers' rights, and promotes fair competition. The FACD also works with the employer community to increase voluntary compliance with employment tax laws.

Please note, the TSD and the FACD will not be directly impacted by the BSM effort.

The enterprise-wide BSM proposal will reference business problems, opportunities, and objectives representing the UI and SDI programs.

## Key Internal Stakeholders

Key stakeholders are individuals and organizations who have significant influence over a project, participate in decision making, or who may be significantly affected by a project.

The following entities have been identified as key stakeholders for this effort:

## Administration Branch

The Administration Branch serves as an operational arm of the Director to implement administrative actions consistent with executive level direction, including budget, accounting, procurement, personnel, facilities, and mailing/printing services. The Branch is also responsible for ensuring the EDD operates within legal and policy guidelines of the Federal Government and State Control Agencies.

The Administration Branch's BOPSD provides the printing, mailing, and distribution activities for documentation related to the UI and SDI programs.

## Information Technology Branch

The ITB maintains the existing benefit systems for the UI and SDI programs, which include the following primary systems: UI Online System, SDI Online System [1] , PFL application, Single Client Database, and UI and DI mainframe applications.

## Labor and Workforce Development Agency

The State of California Labor and Workforce Development Agency (LWDA) is an executive branch agency, and the secretary is a member of the Governor's Cabinet. The Secretary oversees seven major departments, boards, and panels that serve California businesses and workers. The Agency has a cumulative budget of $14.7 billion and approximately 11,700 employees.

## Internal Entities Potentially Impacted by the BSM Proposal

The EDD recognizes the following entities may be potentially impacted by this effort:

## Workforce Services Branch

The Workforce Services Branch (WSB) administers the Workforce Innovation and Opportunity Act (WIOA), and Wagner-Peyser Act (W-P) programs. These programs prepare adults, youth, and dislocated workers for participation in the workforce, and connect employers with job openings with qualified job seekers. The WSB also prepares up-to-date statistical information, demographics, and analyses impacting the state's business climate. In addition, the WSB provides reemployment services to UI claimants via mandatory in-person

appointments.

The following WSB divisions may be potentially impacted by this effort:

**Labor Market Information Division**

The Labor Market Information Division (LMID) within the WSB collects, researches, analyzes and publishes economic and demographic information to support labor market research, program planning, economic development, and career exploration. The LMID utilizes information from both the UI and SDI programs to develop the publications. The LMID collects data on occupational employment, benefits, wages, supply/demand, and staffing patterns by industry in order to produce monthly estimates of labor force, wages, and salary. The employment data from LMID is then compiled and submitted for monthly, quarterly, and annual reports that are required by the U.S. Bureau of Labor Statistics.

**Workforce Services Field Divisions**

The WSB has three field divisions: Northern Workforce, Los Angeles/Ventura Workforce, and Southern Workforce. These field divisions provide employment services and job search assistance for job seekers and employers through the America's Job Center of California locations in each respective area. When a UI customer files for UI benefits, one of the requirements for receiving benefits is that the customer must register in the CalJOBS. The CalJOBS is an online self-service, job-matching system designed to match employers with qualified job seekers.

**Administration Branch**

**Fiscal Programs Division**

The FPD represents the Department in financial matters with state and federal agencies and develops recommendations for the EDD management on policies and procedures regarding budget and disbursement, accounting systems, and maintains overall accountability for the Department's funds.

The Accounting Section within the FPD, oversees the payment of purchases and services provided to the EDD through contractual and non-contractual agreements, maintains the general ledgers, prepares financial reports for both state and federal reporting, and establishes and collects the EDD's accounts receivables.

The Financial Reporting and General Ledgers Group within the FPD, is responsible to complete and submit to the state and federal government financial reports for 14 funds (10 state funds and 4 federal funds) which includes the Unemployment Compensation Disability Fund and the Unemployment Fund. The responsibilities of the Cash Control Unit centers around procurement of cash. The Unit is responsible for determining how much cash must be available each day to pay UI, DI, PFL, Workforce Innovation and Opportunity Act obligations, and Department administrative expenses. The Unit transfers cash to and from the federal and state treasuries as needed, and maintains compliance with state and federal grant management regulations.

**Public Affairs Branch**

The PAB provides outreach, marketing, communication, and training services to promote the use and understanding of the EDD's programs and services in support of the strategic goals and objectives of the Department. The following areas within the PAB may be impacted by this proposal:

The Web Content and Usability Group (WCUG) ensures the EDD public website is interactive, user-friendly, and meets the needs of the EDD's external customers. The WCUG is responsible for the usability review and testing of all web-based applications intended for public use.

The Marketing and Constituent Services (MACS) team presents the EDD as a unified organization that provides

vital services to businesses and communities in California. Other responsibilities include the development of marketing collateral to promote the EDD services and programs. The MACS also provides outreach and education to external customers to further community and business relations.

The Communications Office provides information and direction in support of all EDD services, programs, and policies, primarily through the news media.

**External Entities Potentially Impacted by the BSM Proposal**

The EDD has determined the following external entities may be impacted by this proposal. However, during this phase, none of these entities have been identified as key stakeholders as they will not be tasked with making key decisions for this effort. The EDD recognizes that specific requirements may be developed during the Stage 2 Alternative Analysis (S2AA) and/or Stage 3 Solution Development for interfaces to and from the various entities/systems. As this proposal moves forward through the various Project Approval Lifecycle (PAL) stages, the EDD will re-evaluate the Key External Stakeholders and make any necessary modifications to the Stage 1 Business Analysis (S1BA) as needed. Currently, the EDD does not anticipate any of the entities identified below to have decision making authority during the project lifecycle nor to be included in the steering committee meetings.

**Bank of America**

A private, external entity that has a contract with the EDD to provide authorized UI, DI, and PFL payment information, payee information, and payments to our customers via bank debit cards.

**California Counties**

There are 58 individual counties within the state of California. Each of these counties, and specifically their welfare departments, has access to limited information in regards to UI claim data. The following information is available for viewing for each name and social security number (SSN):
- Active UI claims along with the effective date and weekly benefit amount (WBA).
- Potential UI WBA when no active UI claim exists.
- A disqualification indicator for active UI claims as well as for potential UI claims.
- Error indicators when the name and SSN do not match or if there are earnings reported for multiple names under the same SSN.

**California Department of Child Support Services**

Initiated at the county level, child support intercept requests are received by the EDD's UIB and DIB that offset a claimant's child support obligations from their weekly UI, DI and PFL benefits. This money is transmitted to the California Department of Child Support Services and subsequently disbursed to fulfill the claimant's court-ordered obligations.

**California Department of Consumer Affairs**

The Department of Consumer Affairs (DCA) issues licenses in more than 250 business and professional categories; including doctors, dentists, contractors, cosmetologists, and automotive repair facilities. The DCA provides the medical providers license status to the EDD.

**California Department of Health Care Services**
Within the California Department of Health Care Services (DHCS), is the online Medi-Cal Eligibility Data System. This system is used to verify an individual's eligibility for Medi-Cal and uses information from the EDD systems. Authorized DHCS staff can view limited information to assist in Medi-Cal determinations eligibility.

**California Department of Motor Vehicles**

The California Department of Motor Vehicles (DMV) provides real-time identity verification functionality. When a claim is filed, the DMV license or identification number is sent to the DMV for verification. The DMV then sends the real-time results of this verification request back to the EDD.

**California Department of Social Services**

Before authorizing welfare payments and/or benefits, requests are received from the California Department of Social Services (CDSS) in order to verify if the claimant is receiving any form of income such as UI, DI, or PFL benefits. Authorized CDSS employees can view limited information that includes, recent wages and whether or not they have a current claim or a potentially valid claim. If the individual has a current claim, additional payment information will be displayed such as authorization dates and payment status.

**California State Board of Equalization**

The California State Board of Equalization receives information from employers regarding employment tax returns, wage reports, and payroll tax deposits to the EDD.

**California Unemployment Insurance Appeals Board**

The CUIAB is an independent administrative court system for workers and employers seeking to challenge the UI, SDI, or Tax decisions made by the EDD. Appeals are the first opportunity for all parties to present evidence and tell their side of the story before an ALJ and have that ALJ decide the case. The process is two-tiered, and second-level appeals are handled by the Board who is tasked with reviewing the first-level ALJ decisions. Appeals and their supporting documentation are submitted to and from the CUIAB on a daily basis.

**Claimants**

The UI, DI and PFL claimants are the largest group of external entities impacted by this proposal. This group consists primarily of unemployed, underemployed, disabled, or employees who need time off to bond with a new child or to care for a seriously-ill family member who require temporary financial assistance. Claimants can submit and receive information through the telephone, fax, online, mobile, in-person, and through paper channels.

**Department of Industrial Relations**

The Department of Industrial Relations (DIR) provides benefits for workers when their injury or illness arises out of or is caused by their work. The DIR may also pay medical bills and benefits for temporary or permanent disabilities. The EDD interacts with the DIR through Worker's Compensation (WC) correspondence to gather or provide benefit information. The DIR utilizes and maintains the Electronic Adjudication Management System (EAMS), which is a computer-based case management system that simplified and improved the Division of Workers' Compensation case management process. The EAMS reduces environmental and physical stress associated with maintaining paper files and helps guide policy decisions to better distribute resources. Both the UIB and DIB have access to and use the EAMS for filing WC liens.

**Employers**

Requests for former and current employee information and program information are sent daily between the UIB/DIB and employers via telephone, fax, online, mobile, and through paper channels.

**Franchise Tax Board**

The FTB is responsible for administering two of California's major tax programs: Personal Income Tax and Corporation Tax. State tax returns and even lottery winnings may be intercepted by the EDD's UIB and DIB to repay a benefit overpayment.

**Internal Revenue Service**

The IRS is responsible for determining, assessing, and collecting tax obligations for the federal government. Federal tax refunds are now intercepted by the EDD's UIB to repay a benefit overpayment.

**Interstate Connection Network**

State Workforce Agencies (SWA), such as the EDD and its UI program, use the Interstate Connection Network (ICON) to assist other SWAs nationwide in exchanging standardized information needed to process Interstate Benefits and Combined Wage Claims, Unemployment Compensation for Federal Employees (UCFE) Wage Transfer, UCFE/Unemployment Compensation for Ex-Service Members Query Verification, and other UI-related information between the SWAs. The ICON system was established to enable SWAs with differing hardware and software configurations to exchange pre-formatted interstate data electronically. California must be able to connect with other states in the nation in order to facilitate and fulfill these requests both as the receiver and the requester of this information.

**Medical Providers**

All SDI claims require medical certifications. This can be done through Optical Character Recognition forms, bulk filing, or through electronic filing. Medical providers that are registered with SDI Online are able to log in using the username and password they provided when establishing an account.

**Office of Technology Services**

The EDD utilizes both Tenant Managed Services and Managed Services offerings from the Office of Technology Services (OTech) for the hosting of various applications and databases.

**PFL Advocacy Group**

The PFL advocacy group disseminates PFL information and educates the general public about new PFL legislation or program changes, provides support and has direct communication with existing or potential PFL customers or their family members, and connects the EDD with organizations to increase PFL awareness through education and training.

**Social Security Administration**

The UI Program uses information transmitted both to and from the Social Security Administration (SSA) in real-time to verify the ownership of an individual's social security number when they file or re-open a claim for UI benefits. The SSA sends back the results of this verification request in real-time.

**United States Citizenship and Immigration Services**

The U.S. Citizenship and Immigration Services (USCIS) is the government agency that oversees lawful immigration to the U.S. The UIB collaborates with the USCIS in real-time to verify if the individual claiming UI benefits has had lawful citizenship status for the time period in question. The results of the inquiry are then sent back to the UIB. These inquiries are transmitted using the Systematic Verification for Entitlements Program in real-time whether filing a brand new claim or re-opening a claim while in continued claim status.

**United States Department of Labor**

The state must adhere to federally mandated regulations that require all payments and eligibility decisions be made timely, and that all reports related to those eligibility decisions be provided to the DOL. Eligibility decisions are not the only reports that are required to be provided to the DOL. Examples of reports provided to the DOL include new claims filed, claims paid, eligibility timeliness, weeks claimed, weeks paid, weeks disqualified, exhaustion rates, overpayments established, and overpayments recovered. In addition, the DOL oversees the

states' UI programs for conformity and compliance to federal law. They also provide technical assistance and guidance to the states when new federal laws are introduced.

**Voluntary Plan Employers**
An employer can administer a self-insured VP or obtain coverage from an admitted insurer. If a VP employer provides the company DI coverage in lieu of the state plan, then they must also provide PFL coverage. The VP employers must submit their applications to the EDD for processing and approval.

**Voluntary Plan Third Party Administrators**
A Third-Party Administrator is a private company that consults and assists an employer in administering their EDD approved VP.

[1] The UI Online and SDI Online Systems include the external facing application (website utilized by customers), the mobile application, and the internal application utilized by staff.

## 1.8 Strategic Business Alignment

| Strategic Business Goals | Alignment |
|---|---|
| **Goal One: Fiscal Stewardship**<br>Responsibly manage our public resources and align investments with strategic goals. | Goal One of the EDD's Strategic Plan focuses on aligning investments with strategic goals, achieving return on investments identified in the project portfolio, managing the EDD's operating budget, and pursuing projects with a positive return on investment.<br><br>The BSM proposal will meet this goal by reducing the overall costs to support the benefit systems. The EDD estimates a 10% reduction in state staff costs and vendor contract costs to maintain and operate the benefit systems.<br><br>This proposal addresses business problems 1 and 2 in Section 1.10. |
| **Goal Three, Sustainable Operations:**<br>Align system operations, administration, resources, and business processes with strategic priorities and budgetary parameters. | Goal Three of the EDD's Strategic Plan focuses on aligning system operations, administration, resources, and business processes with strategic priorities and budgetary parameters.<br><br>The BSM proposal will meet this goal by aligning the EDD's benefit systems under one sustainable technological solution. The proposal will integrate and consolidate benefit services and promote efficiencies to customers, benefit programs, and IT staff.<br><br>This proposal addresses business problems 1, 2, 3, 4 in Section 1.10. |
| **Goal Four: Enabling Innovation**<br>Invest in our future by supporting appropriate business and technology solutions. | Goal Four of the EDD's Strategic Plan focuses on investing in our future by supporting appropriate business and technology solutions. Furthermore, it speaks to seeking established business solutions that take less time to deploy.<br><br>The BSM proposal will meet this goal by implementing Business Process Reengineering (BPR) improvements along with technology advancements that will provide both staff and customers a more user-friendly experience when utilizing the |

| | EDD's benefit systems.<br><br>This proposal addresses business problems 1, 3, and 4 in Section 1.10. |
|---|---|
| **Goal Five: Responsible Service**<br>Negotiate clear commitments with stakeholders and focus on priorities. | Goal Five of the EDD's Strategic Plan focuses on negotiating clear commitments with stakeholders and focusing on priorities. Furthermore, it speaks to providing more efficient self-services to our customers.<br><br>The BSM proposal will meet this goal by providing additional online self-service options to the EDD customers.<br><br>This proposal addresses business problem 4 in Section 1.10.<br><br>See Attachment F for a complete list of the EDD's 2012-2016 Strategic Goals. |
| **Strategic Plan Last Updated** | 2/19/2013 |

## 1.9 Business Problem or Opportunity Summary

**Impact to the public**

The EDD administers several multi-billion dollar benefit programs, including UI, and SDI programs that provide financial stability to California citizens. Due to EDD's programs having an impact on many Californians, the public and media are interested in any changes to EDD's service delivery. The programs currently serve over 700,000 Californians. In most cases, the interest has been positive when the Department makes changes to help customers' access services.

In rare, but crucial instances, the media interest has been negative. When the new UI application launched in 2013, during a period of high unemployment, the new application experienced technical problems. The decision to only modernize the continued claims functionality rather than the entire end-to-end UI functionality as part of the UIMOD Project, created many of the problems. The deciding leadership at the time was unaware of the downstream impact and cost of the bolt-on or piece-meal system that resulted. The EDD experienced data synchronization [1] issues immediately upon launch, and in less than a week, impacted nearly 200,000 Californians ability to receive benefits. The impact to Californians prompted major media coverage, backlash from the public, and inquiries from the legislature. The BSM Project will be a highly visible effort that impacts the UI and SDI program customers.

**Business Drivers**

The EDD possesses three independent, non-integrated benefit systems that rely, to varying degrees, on an aging mainframe legacy system, as well as external sub-systems and components. The EDD's benefit program staff utilize multiple applications and are required to enter data into multiple systems. As a work around for the disparate systems, additional macros [2] were developed to assist in the processing of workloads. The macros are not part of the UI Online and legacy systems. The macros were created to temporarily resolve deficiencies in the UI Online and legacy system functionality.

The EDD's customers experience a lack of consistency when utilizing the various benefit systems; for example, certain customer groups cannot utilize online services and must submit information manually or through contacting an EDD representative.

The EDD's existing benefit system design is overly complex and not sustainable from both a technological and staffing standpoint. Maintaining viable system interfaces and data integrity [3] between disparate benefit system databases that reside on different technological platforms, is exceedingly complex, costly, and difficult

to maintain. In addition to the multitude of technological challenges, the ability to successfully recruit the application development skillset for legacy mainframe applications is increasingly more difficult.

The subsequent section details the business drivers associated with this effort:

**Business Driver: Efficiencies to Program Operations**

Certain workloads require staff to utilize multiple applications, enter data into multiple systems, and manually consolidate information for reporting purposes. This results in an inefficient use of staff time to manually enter data into multiple systems which creates a risk of staff erroneously entering information that may result in data integrity or data synchronization issues. Data synchronization/integrity issues require program staff to spend excess time auditing multiple systems to identify errors and may result in a delay of payment and/or improper payments to customers.

Due to current system limitations, certain benefit claim types cannot be submitted online. Customers must either contact the EDD via telephone or send hard copy claims to the EDD. This requires staff to manually process claims and enter information into one or multiple systems. As previously stated, manually entering the claim information into one or multiple systems can lead to data entry errors which can result in delayed or improper payments.

When information is submitted regarding a UI claim either from the employer or claimant, the information is typically mailed to a specific office. If the office that received the paperwork is not the office that is processing the claim, staff must then send the paperwork through the U.S. postal service to another field office for processing. This causes delays in processing and potentially in paying the claim.

All UI initial claims require staff intervention. Staff must manually review and enter information into multiple systems prior to an initial claim being approved leading to process inefficiencies within the UIB. If the system could process initial claims online with all of the required information and all business rules and functionality for validation and approval, the claim could be automatically processed without staff intervention.

Benefit program staff experience extensive downtime during system outages. Staff cannot process work during these outages which can result in delayed payments to customers. Due to the complexity of the primary and ancillary benefit systems architecture, identifying the root cause and resolving system outages is complex and time consuming.

Due to limited UI system functionality the UIB developed macros to assist in the claim filing process and to propagate data into multiple systems. Currently, there are approximately 500 macros that help automate data entry when performing daily business functions. Most of these macros run on EDD's existing legacy database. Prior to implementing the CCR Subproject, the EDD had to modify the existing macros to continue performing various claim actions and data transmissions between the legacy database and the new UI Online database. The decision to not eliminate program-developed macros and incorporating their function into project deliverables caused on-going dependencies to the legacy systems. The macros are developed and maintained by program staff. The ITB does not actively support or maintain the macros. When changes are made to the existing benefit systems, UIB staff must test to ensure the macros are functioning properly. This results in additional complexity and coordination between the various areas when changes are required. Identified below are a few of the mission critical macros the UIB utilizes to process various workloads:

- **Telephone Claim Filing (TCF) Macro**

The purpose of the TCF macro is to assist staff in collecting the necessary claim filing information from a claimant who has contacted the EDD by phone to file a new UI claim or to reopen an existing UI claim and to transmit the necessary information to the UI Online and the legacy systems. The macro uses the manual procedures and logic to ensure required claim filing actions are taken by staff. It also, collects the necessary claim filing information entered by staff in a logical order and holds the data until it is sent to the UI Online and legacy systems. When changes are made to the UI Online and legacy systems, the macros must be tested to ensure the functionality remains intact. If functionality is lost, staff must spend significant time modifying the

macros and re-testing them to ensure they are functioning properly. Generally, when changes are made to the UI Online and legacy systems, the changes affect the functionality of the macros and the macros must be modified and re-tested.

- **eApply4UI Claim Processing Tool (CPT) Macro**

The purpose of the eApply4UI CPT macro is to assist staff in processing the data submitted electronically by customers to file a new UI claim or to reopen an existing UI claim and to transmit the appropriate information to the UI Online and/or legacy systems. This macro is used by staff to process approximately 80% of our initial claim workload. The macro is similar to the TCF macro in that it ensures required claim information actions are taken by staff and displays the information in a logical sequence for staff to review. When changes are made to the UI Online and legacy systems, the macros must be tested to ensure the functionality remains intact. If functionality is lost, staff must spend significant time modifying the macros and re-testing them to ensure they are functioning properly. Generally, when changes are made to the UI Online and legacy systems, the changes affect the functionality of the macros and the macros must be modified and re-tested.

- **Single Client Database (SCDB) Appeal Macro**

The purpose of the SCDB Appeal macro is to process employer or claimant appeals in the legacy system, electronically transmit the appeal information to the CUIAB and send the appropriate appeal forms to the claimant or employer more efficiently than manually entering all information into the legacy systems. Staff use the information from the appeal form and legacy system and manually enter it into the SCDB Appeal macro. The SCDB appeal macro also prints out the appropriate hard-copies for staff to mail to the designated CUIAB office. UI appeals must be entered into both the UI Online and legacy systems. When changes are made to the UI Online and legacy systems, the macros must be tested to ensure the functionality remains intact. If functionality is lost, staff must spend significant time modifying the macros and re-testing them to ensure they are functioning properly. Generally, when changes are made to the UI Online and legacy systems, the changes affect the functionality of the macros and the macros must be modified and re-tested.

- **California Unemployment Benefit Services (CUBS) Appeal Macro**

The purpose of the CUBS Appeal macro is to process employer or claimant appeals in the UI Online system more efficiently than manually entering all information into the system. The CUBS Appeal macro leverages some of the information staff entered into the SCDB Appeal macro to file the appeal in the UI Online System. Since UI Online is the database of record for the continued claim process, the appeal information must also be entered into the system to ensure the system processes the certifications correctly. Staff use the information from the Appeal Form and the legacy system and manually enter it into the CUBS Appeal macro. Both the SCDB and CUBS Appeal macro must be used to update the information in both systems. When changes are made to the UI Online and legacy systems, the macros must be tested to ensure the functionality remains intact. If functionality is lost, staff must spend significant time modifying the macros and re-testing them to ensure they are functioning properly. Generally, when changes are made to the UI Online and legacy systems, the changes affect the functionality of the macros and the macros must be modified and re-tested.

- **Determination Entry Macro**

The purpose of the Determination Entry macro was to streamline the determination entry process in both the UI Online and legacy systems and to assist staff with consistency in completing the determination process. The information is required to be entered into both systems because the SCDB is the database of record for the legal decisions and the UI Online system is the database of records for processing the continued claims. Staff enter the data into one screen within the macro, and the macro sends the necessary information to SCDB to record the legal decision and to UI Online system to process the continued claims appropriately. Staff also have the ability to remove applicable barriers to the processing of claims without exiting the macro, limiting extra navigation between the macro, legacy system or UI Online. The macro uses the data to develop consistent comments that are sent to both the legacy system UI Claim Notes and the Eligibility Decision screen in UI Online System. When changes are made to the UI Online and legacy systems, the macros must be tested to ensure the

functionality remains intact. If functionality is lost, staff must spend significant time modifying the macros and re-testing them to ensure they are functioning properly. Generally, when changes are made to the UI Online and legacy systems, the changes affect the functionality of the macros and the macros must be modified and re-tested.

**Business Driver: Better Services to Citizens**

Customer self-service options are restricted due to the limited online functionality for the UI Online and SDI Online systems. Customers are required to maintain separate profiles for each system, cannot file UI or SDI program appeals via the web, or view any status updates regarding appeals online. The SDI Online system affords customers the ability to view and print their appeal information online, but the UI Online customers do not have this capability.  Both the SDI Online and UI Online customers are still required to submit their information via paper. PFL customers can submit their initial claim online but cannot view any information about their claim and must contact a PFL customer service representative for assistance. Certain types of claims cannot be submitted online and customers must submit information through paper-based channels, or speak with an EDD representative during normal business hours to obtain or provide information.

Employers do not have access to the UI Online system. The majority of forms and/or information employers submit is in hardcopy format (paper). As a result of employers not being able to submit information through the UI Online system, the EDD recently implemented a separate system, the State Information Data Exchange System (SIDES) which allows the EDD to send and receive information regarding employee separation information from employers or their third party administrators electronically. This system was developed through a strategic partnership between the U.S. DOL and state UI agencies. The EDD one-time costs to implement the system were approximately $3.9 million dollars. The EDD received $700,000 in grant funding from the DOL for the implementation and marketing of the service while absorbing all additional costs to implement the solution.

The DOL in conjunction with UI state agencies have established additional services with employers for electronic submittal of information which include:

- Earnings Verification Exchange
- Monetary and Potential Charges Exchange
- Determinations and Decisions Exchange

The EDD is determining implementation priority for the services. However, due to the costs associated with implementing the SIDES functionality, additional services may be cost prohibitive and would increase the complexity of the IT systems and interfaces.

**Business Driver: Technology Refresh**

The existing UI and SDI systems are partially modernized.

The EDD estimates that 25% of the UI functionality was modernized in 2015 (UI Modernization Project Continued Claims Redesign [CCR] Subproject). The UI Modernization (UIMOD) Project was originally approved as two separate Feasibility Study Reports (FSR) in 2003. The EDD submitted multiple UI FSRs associated with the modernization of all aspects of the UI Program, however only two were approved to move forward. The Call Center Network Platform and Application Upgrade (CCNPAU) and the CCR project. Through a Special Project Report these two efforts were merged as one overarching UIMOD project with the two Subprojects: CCR and CCNPAU.

The CCNPAU Subproject:

- Upgraded EDD's call center infrastructure with a modern system offering expanded services.
- Allows the EDD to route UI calls throughout the State to improve service access, service quality, and work productivity.

- Safeguards a caller's identity and protects the UI program from fraud schemes by increasing the amount of information available to agents about a caller and enhancing the call center reporting capabilities.
- Enhances business continuity in the event of a localized disaster or prolonged system outage at any one site.
- Allows certification for UI benefits via telephone.

The CCR Subproject:

- Offers UI customers the ability to view and manage claim information online.
- Allows customers to re-open existing claims, adjust scheduled appointments, and submit address and contact information changes online.
- Allows customers to view their UI claim information from a mobile device.
- Allows customers to re-open claims online.

Because of the decision to only modernize the continued claims functionality rather than the entire end-to-end UI functionality as part of the UIMOD Project, the deciding leadership at the time was unaware of the downstream impact and cost of the bolt-on or piece-meal system that resulted. Enhancements require extensive coding and testing across multiple systems and platforms resulting in additional complexity and substantial cost. In addition, UI program staff currently use two different systems simultaneously to complete tasks associated with end-to-end claim processing. Given the EDD's static funding, the operation and maintenance of multiple systems is not fiscally sustainable.

Please see Attachment A for a high level overview of what functionality has been modernized and what functionality remains on legacy systems.

The EDD estimates that 40% of the DI functionality was modernized in 2012 via the Disability Insurance Automation Project (DIA).

The DIA project:

- Allows customers and medical provides to submit claims and medical provider certifications online.
- Provides the scanning of hard copy claims and medical provider information submitted by customers and/or medical providers.
- Automatically processes DI claims that have no eligibility issues without staff intervention.

The primary focus of this project was to improve customer service, increase filing options, and automatically authorize payments when claims have no eligibility issues. The focus was more customer service oriented and the EDD made the decision to build a solution that integrates with existing legacy systems and applications.

The decision to allow the new systems to utilize "screen scraping" from the legacy system created a continued dependency on the legacy system. In addition, minor changes to legacy online screens necessitates changes to the new, online applications, requiring duplicate efforts.

Please see Attachment B for a high level overview of what functionality has been modernized and what functionality remains on legacy systems.

In 2002, Governor Davis signed Chapter 901, Statutes of 2002 (SB 1661) which created the Family Temporary Disability Insurance program (now referred to as the PFL program). This program was established to provide benefits to eligible workers who need to take time off work to care for a seriously ill family member or to bond with a new minor child. The legislatively mandated implementation date limited the EDD's options when proposing an IT solution. Due to time constraints associated with the legislation the Department implemented a solution that is a combination of existing legacy systems, and the development of a .Net PFL application. The EDD implemented the PFL system in July 2006. This system has not been modernized since implementation. Processing a PFL claim requires staff to manually review every claim prior to authorizing payments. The SDI Online system allows PFL customers to submit their initial claim online but PFL customers do not have access to

any PFL information online and must contact an EDD representative through the telephone about their claim.

Please see Attachment C for a high level overview of what functionality has been modernized and what functionality remains on legacy systems.

Attachment D is a high level architecture diagram that displays the databases and the internal and external interfaces for the UI, DI, and PFL systems. When changes are made to one system or database all other systems require testing to ensure all functionality remains intact.

Due to the complexity of the existing systems, implementing legislatively mandated changes requires extensive EDD staff and vendor resources. One-off applications and macros increase the complexity of potential changes to the benefit systems. System changes must be closely coordinated to ensure there is no loss in functionality (e.g. changes to one business function must be made in multiple places). Below are two examples of recent legislatively mandated changes and the EDD's cost estimates:

- Assembly Bill 908 modified the SDI program by increasing the wage replacement rate from 55 percent for all workers, to 60 percent for middle and high income works, and 70% for low income workers. This bill also repeals the unpaid waiting period for the PFL program. The EDD estimates that the one-time cost to implement these changes is $5.9 million in EDD staff and vendor contracts. To implement the legislation, the EDD must make programming changes to the SDI Online system and the EDD's legacy mainframe system. The systems need to be reprogrammed to capture the new state average weekly wage and any future changes to these wages, as well as the new computation methodologies for the weekly benefit amounts. Comprehensive end to end testing is also required to ensure system integrity.

- Senate Bill 1083 grants authority to physician assistants to certify a disability for the purpose of determining eligibility for SDI benefits and also expands the definition of practitioner to include physician assistants for SDI purposes. The EDD estimates that the one-time costs to implement these changes is $3.9 million in EDD staff and vendor contracts. To implement the legislation, the EDD must make programming changes to the SDI Online system and the EDD's legacy mainframe system. Comprehensive end to end testing is also required to ensure system integrity.

The EDD is one of the few remaining agencies still utilizing mainframe systems hosted at OTech. The current billing structure requires each agency utilizing mainframe services to pay their fair share of the overall costs. If an agency were to migrate off of mainframe services then the remaining agencies utilizing mainframe services would share a larger percentage of the overall costs. In 2013, the DOF worked with the EDD to identify the cost to administer the UI program for California. The study revealed that the EDD is underfunded from the DOL to administer the UI program in California. In recent years the EDD has submitted BCPs for additional funding to administer the UI program. If the EDD were to remain on the mainframe system there is a risk that the EDD would have to increase its BCP General Fund request due to increased mainframe costs.

The recruitment and retention of qualified staff supporting Common Business Oriented Language (COBOL) and mainframe systems is increasingly difficult. In 2015, the EDD advertised for 12 COBOL programming positions and the Department only identified five qualified candidates. The complexity of the siloed benefit systems' architecture requires specialized and aging skillsets which the EDD is unable to find qualified candidates. Multiple vendor support contracts are currently necessary to assist in maintaining the benefit systems.

**Business Driver: Cost Savings**

Operating and maintaining multiple benefit systems is not an efficient use of the UI and SDI program resources, or the technical ITB resources. UI and SDI program staff must perform manually intensive and duplicative data entry tasks, utilize multiple applications to process workload, manually consolidate information from multiple systems for reporting purposes, and utilize macros to manipulate data across systems. These factors result in the EDD requiring additional time and staff to process the UI and SDI program workloads.

Supporting multiple IT systems on different technical platforms requires specific skill sets for each system. The

complexity of the existing systems requires extensive EDD and vendor resources to support and maintain. When changes are required, extensive programming and testing is needed to ensure functionality is not lost between the primary and ancillary systems. One-off applications and macros increase the complexity of potential changes to the systems. Staff must ensure the primary systems are functioning properly and test to ensure any changes made did not negatively impact the ancillary systems, macros, and/or interfaces. These issues promote the need for the EDD to add additional ITB and vendor resources to support the existing systems.

[1] Data Synchronization is the process of maintaining the consistency and uniformity of data across multiple applications and databases. (UI Online, SDI Online, Legacy systems and databases)

[2] A macro is a small program used to automate repetitive tasks. It is a series of commands and actions that are stored and run when the user initiates the task.

[3] Data Integrity is the completeness, accuracy and consistency of data.

# 1.10 Business Problem or Opportunity and Objectives Table

| ID | Problems or Opportunities |
|---|---|
| 1 | Operating and maintaining multiple benefit systems is not an efficient use of the UI and SDI program resources, or the ITB resources. |

| Obj # | Objective |
|---|---|
| 1.1 | Integrate the UI, DI, and PFL benefit systems into one enterprise-wide benefit system that processes UI, DI and PFL claims, upon implementation. |

| Metric | Baseline | Target | Measurement Method |
|---|---|---|---|
| Consolidation of all benefit systems | Multiple Systems | One System | Architecture diagrams |

| Obj # | Objective |
|---|---|
| 1.2 | Reduce the benefit program (UI and SDI) staffing levels by 10 percent, while continuing to produce the same quantity of work, within two years of implementation. (Please note that fluctuating workloads may increase or decrease the number of PYs needed to process claims. Workload volumes will be taken into consideration when determining if EDD met this objective). |

| Metric | Baseline | Target | Measurement Method |
|---|---|---|---|
| # of PYs and # of claims processed for each benefit program | # of PYs and # of claims processed, one year prior to implementation | 10% PY reduction based on equivalent amount of claims processed | FPD PY report for benefit programs |

| Obj # | Objective |
|---|---|
| 1.3 | Reduce the ITB staffing required to maintain and support the enterprise-wide benefit system by 10 percent, within two years of implementation. |

| Metric | Baseline | Target | Measurement Method |
|---|---|---|---|
| # of ITB PYs that maintain and support the benefit | # of ITB PYs one year prior to | 10% PY reduction | FPD PY report for ITB staff supporting the benefit systems |

| systems | implementation | |
|---------|----------------|--|

### ID  Problems or Opportunities

| 2 | Multiple vendor support contracts must be procured to assist in maintaining the UI and DI benefit systems. |
|---|--------------------------------------------------------|

### Obj #  Objective

| 2.1 | Reduce vendor contract costs associated with supporting the enterprise-wide benefit system by 10 percent, within two years of implementation. |
|-----|--------------------------------------------------------|

| Metric | Baseline | Target | Measurement Method |
|--------|----------|--------|---------------------|
| Vendor contract costs for supporting UI, DI, and PFL systems | Vendor contract costs, one year prior to implementation | 10% reduction | Vendor contract cost reports. |

### ID  Problems or Opportunities

| 3 | Benefit program staff experience extensive downtime during system outages. |
|---|--------------------------------------------------------|

### Obj #  Objective

| 3.1 | Reduce the average system downtime by 10 percent, within two years of implementation. |
|-----|--------------------------------------------------------|

| Metric | Baseline | Target | Measurement Method |
|--------|----------|--------|---------------------|
| System downtime | System outage downtime, prior to implementation | 10% reduction | System outage reports |

### ID  Problems or Opportunities

| 4 | Customer self-service options are restricted due to the limited online functionality for the UI, DI and PFL systems. |
|---|--------------------------------------------------------|

### Obj #  Objective

| 4.1 | Allow benefit program customers to access all benefit program services using one customer profile, within one year of implementation. |
|-----|--------------------------------------------------------|

| Metric | Baseline | Target | Measurement Method |
|--------|----------|--------|---------------------|
| # of customer profiles | Multiple customer profiles | Single customer profile | One profile per customer – Yes or No |

### Obj #  Objective

| 4.2 | Provide customers with an option to file appeals online, within one year of implementation. |
|-----|--------------------------------------------------------|

| Metric | Baseline | Target | Measurement Method |
|--------|----------|--------|---------------------|
| Online appeals option offered to customers | None. Current system does not | Appeal option available to | Can customers file an appeal online – Yes or No |

| | allow customers to file appeals online | customers | | |

| Obj # | Objective | | | |
|---|---|---|---|---|
| 4.3 | Provide PFL customers with the ability to view information online, within one year of implementation. | | | |

| Metric | Baseline | Target | Measurement Method |
|---|---|---|---|
| Availability of PFL customer information online | None. Current system does not allow PFL customers to view information online. | PFL customers can view their information online. | Can PFL customers view information online – Yes or No |

| Obj # | Objective | | | |
|---|---|---|---|---|
| 4.4 | Increase the types of claims that can be submitted online by 10%, within one year of implementation. | | | |

| Metric | Baseline | Target | Measurement Method |
|---|---|---|---|
| # of claim types customers can submit online | # of claim types, one year prior to implementation | 10% increase | Report that identifies the type of claims customers can submit online |

| Obj # | Objective | | | |
|---|---|---|---|---|
| 4.5 | Increase the number of forms that can be submitted online by 20%, within one year of implementation. | | | |

| Metric | Baseline | Target | Measurement Method |
|---|---|---|---|
| Types of forms that can be submitted online | # of form types, one year prior to implementation | 20% increase | Report that identifies the type of forms that can be submitted online |

## 1.11 Business and Stakeholder Capacity

### 1.11.1 Business Program Priorities                                    Yes    No

Does this proposal share resources (state staff, vendors, consultants or financial) with other business program priorities within the Agency/state entity?     ⦿    ○

The EDD has a tiered governance structure within the Department, which provides leadership on enterprise projects and work efforts. The EDD's Executive Leadership Team (ELT) has formed an Enterprise Governance Council to provide overall direction, priorities, and decision making for the Department.

The Enterprise Governance Council duties include:

- Develop, maintain, and communicate a clear Department Strategic Plan.
- Authorize and prioritize enterprise-level projects based on relative business value and strategic alignment.
- Set high-level resource allocation parameters.
- Make decisions to resolve enterprise-level issues or risks that have been escalated through the appropriate channels.
- Ensure collaboration and alignment across the branches.
- Monitor and evaluate Enterprise Project Portfolio performance.

The ELT has dedicated resources to the BSM proposal from all business owners and key stakeholders. For current year, the EDD will absorb all staffing costs for the completion and approval of the S1BA and the initial development of the S2AA.

The EDD will submit a planning Budget Change Proposal (BCP) to fund the state fiscal year (SFY) 2017-18 expenditures for both state and vendor resources to continue the development of the S2AA. Existing EDD subject matter experts (SMEs) will be redirected to the BSM effort and new hires will fill current positions.

The EDD will procure a vendor to assist in the identification of business and technical requirements. The EDD estimates the procurement will be completed and awarded by February 2017. The EDD will redirect existing funds for the SFY 2016-17 vendor costs. The EDD will request additional funding for the vendor contract as part of the planning BCP request for SFY 2017-18.

The Independent Verification and Validation (IV&V) vendor will be procured to assist in the validation of the BSM system requirements, activities, and work efforts. The EDD plans to complete the procurement and contract award in January 2018. Funding for this vendor will be requested in the SFY 2017-18 planning BCP.

### 1.11.2 External Stakeholder Involvement

As stated in Section 1.7, the EDD does not anticipate that external entities will have decision-making authority; therefore, external key stakeholders were not identified. Please refer to Section 1.4 for details. As the proposal moves forward through the various PAL stages, the EDD will re-evaluate the key external stakeholders and make necessary modifications to the S1BA, as needed.

### 1.11.3 New or Changes to Business Processes       Yes    No

Does the Agency/state anticipate this proposal will result in the creation of new business processes?    ◉ Yes    ○ No

Does the Agency/state entity anticipate changes to existing business process?    ◉ Yes    ○ No

The EDD anticipates the BSM proposal will result in the creation, change, and deletion of business processes. While the specific changes to existing business processes are not known at this time, the EDD will document and monitor all changes beginning in the S2AA.

The proposed BSM State and Vendor Resource team will work collectively and collaboratively to identify and review business processes for improvements. The team will review processes, collect data, conduct research, conduct cost/benefit analysis, and develop recommendations. The recommendations will be submitted to the BSM Executive Steering Committee for approval.

The EDD will utilize lessons learned, BPR, Organizational Change Management (OCM), and training strategies from three of the EDD's major projects: DI Automation, UI Modernization, and the ACES. In addition, the EDD may reach out to other state agencies who have recently implemented large projects for best practices, lessons learned, BPR, OCM, and training strategies.

Below are examples of the tools and techniques the EDD may utilize when performing OCM:

- OCM Coaching Plan and Delivery
- Develop Change Agent Network (CAN) Plan
- CAN Coaching Delivery/Implement CAN Plan
- To-Be Process Analysis and Documentation
- Gather and Review As-Is Process Documentation
- Perform Gap Analysis
- Identify and Map the To-Be Processes
- Impact Analysis

# 1.12 Organizational Readiness

## 1.12.1 Governance Structure                    Yes    No

Does the Agency/state entity have an established governance structure for combined business and IT decision making, including information security and privacy?     ⦿    ◯

The EDD established the ELT to address enterprise-wide projects, cross-branch (program area) risks and issues, significant policy changes, and strategic planning for the Department. The ELT meets monthly and its members consist of the EDD's Director, Chief Deputy Director and the Deputy Directors from the program areas and administrative branches. This team meets on an adhoc basis when an emergency meeting is called and determines how investment and policy decisions are made, administered, and enforced for the EDD. The ELT is also tasked with prioritizing automation efforts and resources within the Department.

The EDD will establish an executive steering committee that includes representation from all business owners and key stakeholders. Unresolved issues or key decisions will be escalated to the Executive Steering Committee Team and the ELT, if necessary.

The EDD's Information Security Office (ISO), which is a subset of the EDD's ITB, will have an active role in the proposal and will be a steering committee member. The EDD's ISO is responsible for:

- Establishing and implementing an information security program.
- Identifying security roles and responsibilities.
- Establishing the governance structure for communicating and coordinating security activities.
- Providing oversight compliance with the security policies, standards, guidelines, processes, and procedures.
- Ensuring compliance with information security acknowledgement processes.
- Recommending and participating in the selection and development of physical and environmental controls to ensure the protection of assets, and evaluating the effectiveness of such controls.
- Coordinating routine independent reviews of information security activities, which may include conducting or assisting in reviews and assessments, discussing mitigation strategies, and providing review results and mitigation plans with management.
- Reviewing the content in contracts, memorandum of understanding, bids, and agreements to ensure appropriate privacy and security requirements are contained within, and that applicable laws, regulations, statutes, state policies, and internal policies are met.

## 1.12.2 Leadership Participation

Identify the levels of leadership that are aware of and engaged in addressing the business problem(s)/ opportunity(ies) identified in this proposal (check all that apply):

- ☐ Executive
- ☐ Senior Management Business/Program
- ☐ Mid-level Management Business/Program
- ☐ Senior Management IT
- ☐ Mid-level Management IT
- ☐ Enterprise Architect

The BSM proposal is a high priority for the Department and as such all levels of management are aware and engaged in the effort. The Executive Steering Committee will consist of executives from the various business owners as well as the ITB, Administration Branch, the Director's Office and the LWDA. The Project Leadership team will consist of senior and mid-level management from the various business owners, as well as the ITB and Administration Branch.

- **Executives** will accept and sign off on final project deliverables.

- **Senior Management** will resolve or escalate project risks and issues to the Executives, provide guidance and direction on the overall approach to ensure the project is in alignment with the strategic direction of the EDD, and accept final project deliverables.
- **Mid-level Management** will provide project oversight, evaluate project activities as they relate to project management practices, identify and communicate risks and issues, escalate to senior management as necessary, and identify and monitor best practices to utilize for future projects.
- **Enterprise Architecture** will provide the guidance and blueprints to ensure project and organizational goals are accomplished, identify and communicate risks and issues, evaluate technical artifacts and working papers, and escalate to mid-level management as necessary.

## 1.12.3 Resource Capability/Skills/Knowledge for Stage 2 Alternatives Analysis     Yes     No

Does the Agency/state entity anticipate requesting additional resources, through a budget request, to further study this proposal and/or perform procurement analysis?  ◉  ○

Of the Agency/state entity resources identified to perform Stage 2 Alternatives Analysis for this proposal, enter the number of staff who have had experience with planning projects of a similar nature.    `23`

The EDD will absorb SFY 2016-17 costs for the completion of the S1BA and initial development of the S2AA. The EDD will submit a BCP for the SFY 2017-18, which will request state and vendor resources to assist in the completion of the S2AA. The following resources have been identified:

**State Resources**
- Project Director
- Project Manager
- Project Management Support
- Business Analysts
- Enterprise Architects
- Application Architects
- Data Architects
- Project Approval Lifecycle (PAL) Analysts
- Procurement Analysts
- Information Security Analysts
- Infrastructure Analysts
- Testing Analysts
- Usability Analyst
- Training and OCM SMEs
- Business SMEs representing all business owners and key stakeholders

The EDD will staff the BSM proposal with existing staff that have experience in the categories referenced above. The EDD will utilize the BCP funding to backfill for the existing resources utilized by the BSM effort.

The EDD plans to leverage existing program and ITB staff that have prior experience with sizable IT efforts: UI Modernization, DI Automation, and the ACES.

**Vendor Resources**
The EDD may request funding for the procurement of the following vendors:

- **Requirements Vendor** - The EDD will supplement existing ITB resources with vendor support for the identification of requirements (functional, non-functional, and project required) in the S2AA.
- **IV&V** - The EDD will procure an IV&V vendor to validate the business and technical requirements, existing system architecture, business process workflows, and alternative solutions.

- **Vendor Project Manager (PM)** - The EDD may supplement existing ITB resources with vendor support for PM related activities.

## 1.12.4 Training and Organizational Change Management                 Yes    No

With respect to the magnitude of this proposal, does the Agency/state entity have resources, processes, and methodologies in place to provide training and organizational change management services?       ●    ○

Does this proposal affect business program staff located in multiple geographical locations?       ●    ○
If "Yes," specify the city, state, number of locations and approximate staff in each location:

| City | State | Number of Locations | Approximate Number of Staff |
|---|---|---|---|
| Chico | DIB -CA | 1 | 19 |
| Chino Hills | DIB -CA | 1 | 101 |
| Fresno | DIB -CA | 3 | 228 |
| Long Beach | DIB -CA | 1 | 74 |
| Los Angeles | DIB -CA | 1 | 71 |
| Oakland | DIB -CA | 1 | 32 |
| Riverside | DIB -CA | 1 | 110 |
| Sacramento | DIB -CA | 2 | 246 |
| San Bernardino | DIB -CA | 1 | 61 |
| San Diego | DIB -CA | 1 | 56 |
| San Francisco | DIB -CA | 1 | 29 |
| San Jose | DIB -CA | 1 | 30 |
| Santa Ana | DIB -CA | 1 | 55 |
| Santa Barbara | DIB -CA | 1 | 17 |
| Santa Rosa | DIB -CA | 1 | 17 |
| Stockton | DIB -CA | 2 | 99 |
| Van Nuys | DIB -CA | 1 | 117 |
| Anaheim | Tax - CA | 1 | 44 |
| Fresno | Tax - CA | 1 | 33 |
| Los Angeles | Tax - CA | 1 | 35 |
| Oakland | Tax - CA | 1 | 66 |
| Rancho Cordova | Tax - CA | 3 | 263 |
| Sacramento | Tax - CA | 4 | 247 |
| San Bernardino | Tax - CA | 1 | 28 |
| San Diego | Tax - CA | 1 | 32 |
| San Jose | Tax - CA | 1 | 39 |

| | | | |
|---|---|---|---|
| Santa Fe Springs | Tax - CA | 1 | 58 |
| Van Nuys | Tax - CA | 1 | 33 |
| Bakersfield | UI-CA | 1 | 5 |
| Buena Park | UI-CA | 1 | 172 |
| Chula Vista | UI-CA | 1 | 187 |
| Elk Grove | UI-CA | 1 | 108 |
| Inglewood | UI-CA | 1 | 114 |
| Los Angeles | UI-CA | 1 | 131 |
| Oakland | UI-CA | 1 | 152 |
| Orange County | UI-CA | 1 | 151 |
| Pacific Center | UI-CA | 1 | 164 |
| Rancho Cordova | UI-CA | 1 | 323 |
| Redlands | UI-CA | 1 | 96 |
| Riverside | UI-CA | 1 | 164 |
| Sacramento | UI-CA | 1 | 276 |
| San Bernardino | UI-CA | 1 | 106 |
| San Diego | UI-CA | 1 | 146 |
| San Francisco | UI-CA | 1 | 82 |
| San Jose | UI-CA | 1 | 115 |
| Tech Center | UI-CA | 1 | 121 |
| UI North Division | UI-CA | 1 | 6 |
| UI Southern Division | UI-CA | 1 | 5 |
| Ventura | UI-CA | 1 | 3 |

Business process management, knowledge transfer, and staff training are critical success factors for any project. The EDD will work closely with the system integrator to develop and implement changes to the Department's processes, knowledge transfer, and training programs, which will give state staff a detailed understanding of the new processes and the changes to the existing processes.

The EDD has offices throughout California and will utilize training and OCM strategies from the prior large projects (UI Modernization, DI Automation Project, and ACES).

Prior training and OCM efforts included:

- Utilizing John P. Kotter's Leading Change Model for OCM activities.
- Train-the-trainer training for the EDD training staff.
- End-user training including computer based training, webinars, classroom training and practice labs.
- Knowledge transfer and technical training for developers, system administrators, security administrators, and operators through assistance from the vendor.
- Leveraging System Integrator (SI) for training/knowledge transfer.
- Leveraging existing training plans from prior IT efforts.

The EDD may procure an OCM vendor to assist with the BSM effort. In addition, the EDD may reach out to other state departments or agencies who have had success with implementing large IT efforts to gather documentation on lessons learned, best practices, and OCM strategies.

The EDD currently has strong training programs in place for the UI, DI and PFL. Each program area has refined training plans and processes, due to staff being located throughout the state. The EDD will leverage existing training plans and processes and augment where necessary.

### 1.12.5 Enterprise Architecture

| | Yes | No |
|---|---|---|
| Does the Agency/state entity have a documented target (or future state) enterprise architecture that provides the overall business and IT context for this proposal? | ○ | ◉ |

The EDD has identified its future state Benefit Systems architecture as depicted in Attachment E. The goal of the BSM proposal is to develop a single, modernized benefit system that provides all functionality for the UI, DI, and PFL with the following architectural benefits:

- Optimized, industry standard business processes.
- Standardized access for customers and staff.
- Single technology platform, less complex and costly to maintain.
- One logical database, ensuring data integrity while eliminating duplication and synchronization issues.
- Single business rules repository.
- Shared business and technology services, eliminating redundancies.
- Single support model requiring readily-available skillsets.

Implementation of the system will allow retirement of numerous overlapping but siloed legacy applications, and maintenance of their interfaces.

### 1.12.6 Project Management

| Project Management Risk Score: | 1.3 |
|---|---|

### 1.12.7 Data Management

| | Yes | No |
|---|---|---|
| 1. Does the Agency/state entity have an established data governance body with well-defined roles and responsibilities to support data governance activities? | ○ | ◉ |
| 2. Does the Agency/state entity have data governance policies (e.g., data policies, data standards, etc.) formally defined, documented and implemented? | ○ | ◉ |
| 3. Does the Agency/state entity have data security policies, standards, controls, and procedures formally defined, documented and implemented? | ◉ | ○ |

The EDD has defined business data owners and is in the process of establishing an enterprise data management governance body. The EDD has already established a Data Enterprise Architect role, who will drive development of policies and standards around data assets. The EDD expects to have a fully functioning enterprise data management governance body by the end of SFY 2017-18.
The EDD has technology specific data standards (e.g. for IBM DB2 and Microsoft SQL Server databases). In addition, the EDD is developing data quality components through the Business Intelligence and Analytics program, which has initiated metadata management and performs data reconciliation and validation checks. Establishment of the enterprise data management governance body will develop policies that will formalize these processes.

## Department of Technology Use Only

**Original "New Submission" Date**

|  | 12/13/2016 |
| --- | --- |
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